

BUDGET BLUEPRINT

Design Your Own Spending Plan

Budgeting doesn't mean having less; it means doing more with what you have. Your budget will change as your needs and wants change.

Design your own plan. A new college graduate doesn't usually need to own a home, but as income rises and a new family begins, most young people hope to own a home. Breadwinners with dependents need life insurance, but few retirees do. You'll never be ready for the next phase unless you make the most of what you have now—with a spending plan.

Scrutinize

Your first step, no surprise, is to find out how you spend money now. Sort out your obligations with this *Budget Blueprint*. Use your share draft register or checkbook and current bills.

This is only a tool for you to use in coming up with *your own spending plan*. The *Blueprint* is comprehensive. It most likely includes categories that aren't part of your usual spending and saving plan. Use it to jog your memory about small and large expenses, and to plan for changes you anticipate. Include an entertainment category—fun and luxuries. If your plan doesn't make room for fun, you'll soon abandon it. And make all family members part of the plan; it won't work without cooperation.

Analyze

Use the time columns to help you picture spending over time. For example, you pay rent or your mortgage once a month. If you have trouble making this monthly payment, try putting aside half each payday if you're paid biweekly, one-quarter if you're paid weekly.

Gain perspective on smaller outlays, too. Say you

spend \$1 each day to buy two cans of soda at work. That's \$5 a week, \$250 a year.

Use this principle in reverse for once-a-year costs, such as a property tax payment. That payment can be a strain, but if you plan for it and put aside one-twelfth monthly or one-fourth quarterly, you can meet the payment without anxiety. Put the set-aside in a share savings or money market account. You'll benefit twice—by having the money on hand when the bill comes and by earning dividends on the shares.

So, you know where the money goes. Can you trim insurance premiums but get the same coverage by shopping different agents? If your grocery outlay seems high, ask yourself how much food you waste. Try planning menus and then making shopping lists.

The point is, you should be able to find some fat in your budget. But what about lean? Are savings a little thin?

Don't make the common mistake of saying you'll save what's left over—you know that means you won't save at all. Look at your near-term plans first. If you're hoping to buy a new car, are you putting enough money aside weekly or monthly to meet your down payment goal? Maybe you're hoping to vacation next year without relying so much on your credit cards. Decide how much you'll need, then meet your goal by arranging for payroll deduction at your credit union. Your long-range target should be to save three to six months' net earnings.

Try to anticipate changes. If you'll be driving more, for instance, you'll spend more on gas and car upkeep. Maybe some costs will go down, if you pay off a loan, for example. Divert at least part of any paid-off loan payment or pay raise to your share savings or money market account.

Realize

As you use the *Blueprint* and your expenses come into focus, you'll want to make changes. Use the "goals" column to note what improvements you want to make, and by what time. This way you can chart your success—the best incentive to keep at it!

The savings and installment payment categories have room to show at what percentage rate you're saving and borrowing. For savings, record annual yield to see at a glance which accounts are doing the most for you.

Installment payments, on the other hand, will hurt you more at higher rates. Say you have a national credit card at 19% annual percentage rate (APR), a credit union auto loan at 9% APR, a local department store account at 18% APR, and a student loan at 6% APR. Of course, always make at least your minimum monthly payment, but beyond that, pay off faster the bill that costs you most. See if your credit union offers a credit card at a lower interest rate.

Use your credit card statements to break down expenses by category—so much for clothing, for example. Just be careful not to put the figures in both clothing and installment payment categories or your total expense will be wrong.

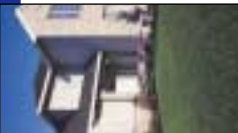




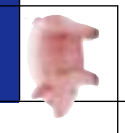










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BUDGET BLUEPRINT

			Weekly	Per Paycheck	Monthly	Quarterly	Yearly	Goals		
	EXPENSE									
		Shelter								
		Rent or Mortgage								
		Utilities								
		Heat								
		Property Taxes								
		Water								
		Garden Supplies								
		Telephone/Cell phone								
		Property Insurance								
		Maintenance/Cleaning								
		Garbage Collection								
		Condo/Association Fees								
		Transportation								
			Car Payment							
			Car Payment							
			Gasoline							
		Maintenance/Cleaning								
		License								
		Insurance								
		Bus/Taxi/Tolls/Parking								
		Food								
			Groceries							
			Delivered Goods							
			Snacks							
			Work Lunches							
			School Lunches							
			Clothing							
				Personal						
				Spouse						
			Children							
			Maintenance/Cleaning							
			Entertainment							
				Vacations						
				Meals Out						
				Movies/Plays/Music						
				Spectator Sports						
				Sports Equipment						
			Television/Cable/Public TV							
			Savings							
				Credit Union (%)						
				Education (%)						
				Company Savings Plan (%)						
				IRA (%)						
			Other (%)							
			Health							
				Medications						
				Insurance						
				Doctor						
			Dentist							
			Exercise Classes/Equipment							
			Education							
				Lessons						
				Tuition						
				Books/Papers/Magazines						
				Internet Service Provider						
			Supplies							
			Family							
				Life Insurance						
				Legal						
				Child Care: Daily						
				Occasional						
			Allowances							
			Gifts							
			Pets: Food and Medical							
			Donations							
				Place of worship						
				Political						
			Charitable							
			Other							
			Personal							
				Hair Cuts and Styling						
				Toiletries						
				Postage						
			Tobacco							
			Alcohol							
			Other							
			Installment Payments							
				Credit Union (%)						
				Credit Card (%)						
				Credit Card (%)						
				Department Store (%)						
			Student Loan (%)							
			Other (%)							
			Miscellaneous							
				Union/Other Membership Dues						
				Taxes: Social Security						
			Income, Federal							
			State							
			Local							
			Unreimbursed Business Expenses							
			Other							
			TOTAL EXPENSE							
				INCOME						
			Paycheck							
			Paycheck							
			Dividends							
			Interest							
			Social Security							
			Pension							
			Gifts							
		Other								
		TOTAL INCOME								